

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2001-15-C - ORDER NO. 2001-1052

NOVEMBER 14, 2001

IN RE:	Application of Norstar Communications, Inc.	)	ORDER GRANTING
	d/b/a Business Savings Plan for a Certificate	)	CERTIFICATE
	of Public Convenience and Necessity to	)	
	Operate as a Reseller of Interexchange	)	
	Telecommunications Services and for	)	
	Alternative Regulation.	)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Norstar Communications, Inc. d/b/a Business Savings Plan ("Norstar Communications" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate interexchange telecommunications services as a reseller within the State of South Carolina. In addition, the Company requests that the Commission regulate its business services offerings under the identical regulatory treatment granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2000) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Norstar Communications to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Norstar Communication's Application and of the manner and time in which to file the

appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on October 10, 2001, at 11:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable William Saunders, Chairman, presided. Norstar Communications was represented by John J. Pringle, Jr., Esquire. Robert Friedman, Chief Information Officer for Norstar Communications, appeared and testified on behalf of the Company. Jocelyn G. Boyd, Staff Counsel, represented the Commission Staff. Vivian Brown Dowdy, Auditor, and David S. Lacoste, Engineer, Telecommunications Area, testified on behalf of the Commission Staff.

According to the record, Norstar Communications seeks authority to operate as a reseller of intrastate interexchange telecommunications services to the public on a statewide basis and to offer a full range of 1+ interexchange telecommunications services to the public on a resale basis. After certification is granted, Norstar Communications will also provide MTS, out-WATS, in-WATS, and calling card services. The Company does not intend to immediately offer long distance prepaid calling cards in South Carolina after certification is granted. Regarding the underlying carrier the Company will utilize to provide telecommunications services in South Carolina, Norstar Communications will base its decisions regarding which carrier it will utilize upon the Company's analysis of facility cost, suitability and quality of service. According to the testimony, Norstar Communications will only use carriers properly certified by the

Commission to provide service in South Carolina and the Company expects to utilize the interexchange carrier services of MCI.

Friedman testified that Norstar Communications has sufficient technical, financial, and managerial resources to provide telecommunications services in South Carolina. According to the record, the Company's personnel represent a broad spectrum of business and technical disciplines, possessing many years of individual and aggregate telecommunications experience. As Chief Information Officer, Friedman has at least twenty years in operations and information technology and four years of experience in the telecommunications industry. Friedman also has a background in billing and operations. Additionally, Friedman is in charge of all operations of the Company such as provisioning, billing processing, and information technology functions. Mark Ellis, the Company's President, managed and supervised a sales team of seventy-five salespeople for over ten years. Ellis was a Staff Accountant for four years at an international corporation. According to the testimony, Ellis has an extensive amount of experience in marketing and telecommunications services. Other officers of the Company include Richard Dunham, Chief Financial Officer, and Gabriel Ruelas, Vice President of Operations.

Norstar Communications will market its services through personal and telephone contact by the Company's employees and authorized distributors. Moreover, the Company intends to advertise its services through print, radio, and television media, as well as various forms of direct mailing. The Company pledges to provide and market interexchange carrier services in accordance with current Commission policies, at all

times. Additionally, when the Company utilizes telemarketing to solicit customers, Norstar Communications will use a third party verification company to confirm a customer's decision to become a customer of Norstar Communications. A voice log and written letter of authorizations will also be utilized to verify a customer's decision to switch carriers.

Norstar Communications is currently authorized to provide telecommunications services in several states including Colorado, Kentucky, New York, South Dakota, and Wyoming. The testimony reveals Norstar Communications is in good standing in all the states where the Company is currently providing telecommunications services. The Company's certification in other states has never been revoked nor has the Company's application in another state been denied.

The Company will handle customer service requests through its customer service center, which is available twenty-four hours a day, seven days a week. The testimony reveals Norstar Communications has a policy of responding to any billing or service inquiries within twenty-four hours. Additionally, in the event the customer's inquiry requires further investigation on the part of the service representative, the customer is advised of the reasons for the need for additional inquiries and is given a date certain by which the inquiry will be addressed.

Lacoste's testimony provided an analysis of Norstar Communication's filing and request for a Certificate of Public Convenience and Necessity to provide long distance telecommunications services in South Carolina. Lacoste did not oppose the Commission granting the Company's request for a waiver of the Commission's regulations regarding

the publication of a telephone directory; the filing of an operational area map; and the requirement to keep records in-state. Additionally, the Company seeks permission to utilize alternative regulation in which maximum rates for business service, consumer card and operator service offerings for long distance services would not be tariffed. Lacoste opined that the terms and conditions stated within the proposed tariff are well stated in that they appear to be consistent with this Commission's rules and regulations governing telecommunications utilities and other previously certified interexchange carriers. Finally, Lacoste recommended that the Company modify its tariff, in relation to the Company's desire for alternative regulation, by adding a "current rates" section illustrating actual business and residential rates.

Dowdy testified that Norstar Communications filed financial statements for the nine months ending September 30, 2000, and twelve months ending December 30, 2000, as a part of its application. The Company's balance sheet as of September 30, 2000, indicated cash made up 5.81% of total assets and 6.49% as of December 30, 2000. The current ratio for September 30, 2000, is 1.3 and 1.9 for December 30, 2000. These current ratios indicate there were enough current assets to cover all current liabilities as of the balance sheet date. Additionally, retained earnings as of September 30, 2000, were positive; retained earnings as of December 30, 2000, were negative. In sum, Dowdy concluded the financial statements filed by Norstar Communications indicate the Company is liquid and in a position to begin operations in South Carolina.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

### **FINDINGS OF FACT**

1. Norstar Communications is organized as a limited liability company under the laws of the State of California and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Norstar Communications is a provider of long distance services and wishes to provide resold long distance services in South Carolina.

3. Norstar Communications has the experience, capability, and financial resources to provide the services as described in its Application.

### **CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Norstar Communications to provide intrastate resold interexchange telecommunications services.

2. The Commission adopts a rate design for the long distance services of Norstar Communications which are consistent with the principles and procedures established for alternative regulation for business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under the Commission approved alternative regulation, the business service offerings of Norstar Communications including consumer card services, and operator services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket

No. 96-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to Norstar Communications also.

3. The Commission adopts a rate design for Norstar Communications for its provision of residential interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

4. Norstar Communications shall not adjust its residential interexchange rates below the approved maximum level without notice to the Commission and to the public. Norstar Communications shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for

interexchange services reflected in the tariff, which would be applicable to the general body of the Company's subscribers, shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 2000).

5. If it has not already done so by the date of issuance of this Order, Norstar Communications shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations. Further, Norstar Communications shall file a copy of its Bill Form as required by 26 S.C. Code Ann. Regs. 103-612.2.2 and 102-622.1 (1976) with its final tariff.

6. Norstar Communications is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

7. An end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. Norstar Communications shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports can be found at the Commission's website at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms). The title of this form is "Annual Information on South Carolina Operations For Interexchange Companies and AOS". Be advised that the Commission's annual report for telecommunication companies requires the filing of intrastate revenues and intrastate expenses.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Norstar Communications shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms); this form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the origination and termination of toll calls within the same LATA, Norstar Communications shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. By its Application and testimony at the hearing, Norstar Communications requested a waiver from the Commission's requirement to maintain its books within the State of South Carolina pursuant to 26 S.C. Code Ann. Regs. 103-610 (1976). The

Commission grants the Company's request to waive this record keeping regulation so that Norstar Communications' books and records may be kept at its principal office and headquarters in California. Further, the Commission grants Norstar Communications' request that it be allowed to keep its books and records in accordance with GAAP rather than the USOA. Norstar Communications also requests a waiver of 26 S.C. Code Ann. Regs. 103-612.2.3 which requires the Company to file with the Commission a map or maps showing its certificated area and/or exchange service area(s). Norstar Communications will be offering its services throughout the State of South Carolina; therefore we find a waiver of 26 S.C. Code Ann. Regs. 103-612.2.3 reasonable and it is hereby granted. Finally, Norstar Communications seeks a waiver of 26 S.C. Code Ann. Regs. 103-631 as the Company does not intend to publish telephone directories. According to the record, the local exchange carrier providing local exchange services to Norstar Communications' customers will be responsible for publishing directories and/or including the Company's therein. As Norstar Communications will make arrangements with the local exchange carrier providing local exchange services to the Company's customers for publication of the customers' names, addresses, and phone numbers, Norstar Communications' request for a waiver of Regulation 103-631 is reasonable and hereby granted.

12. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. This Order shall remain in full force and effect until further Order of the Commission.

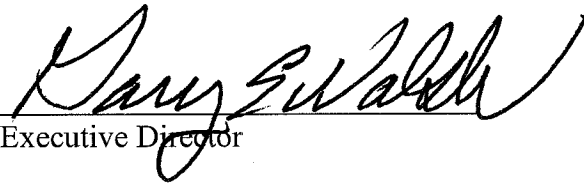
BY ORDER OF THE COMMISSION:



---

Chairman

ATTEST:



Executive Director

(SEAL)